



**Training Proposal for:
Car Sound Exhaust System, Inc.
Agreement Number: ET12-0210**

Panel Meeting of: **December 16, 2011**

ETP Regional Office: **San Diego**

Analyst: K. Campion

PROJECT PROFILE

Contract Type: Priority/Retrainee
Retraining - Job Creation

Industry Sector(s): Manufacturing

Counties Served: Orange, San Diego

Repeat Contractor: Yes No

Union(s): Yes No

Priority Industry: Yes No

No. of Employees in CA: 288

No. of Employees Worldwide: 290

| Turnover Rate % | Manager/ Supervisor % |
|-----------------|--------------------------|
| 8% | 14% |

FUNDING DETAIL

| Program Costs | Substantial Contribution | Total ETP Funding |
|---------------|--------------------------|-------------------|
| \$333,520 | \$0 | \$333,520 |

| In-Kind Contribution |
|----------------------|
| \$370,500 |

TRAINING PLAN TABLE

| Job No. | Job Description (by Contract Type) | Type of Training | Estimated No. of Trainees | Range of Hours | | Average Cost per Trainee | Post-Retention Wage |
|---------|---------------------------------------|---|---------------------------|------------------|-----|--------------------------|---------------------|
| | | | | Class / Lab | CBT | | |
| 1 | Priority/Retrainee | Business Skills, Computer Skills, Continuous Improvement, Literacy Skills, Manufacturing Skills | 252 | 24 - 200 | 0 | \$1,260 | \$14.81 |
| | | | | Weighted Avg: 70 | | | |
| 2 | Priority Retrainee – Job Creation | Business Skills, Computer Skills, Continuous Improvement, Literacy Skills, Manufacturing Skills | 20 | 24 - 200 | 0 | 800 | \$12.81 |
| | | | | Weighted Avg: 40 | | | |

Minimum Wage by County: Job Number 1: Orange County - \$15.37; San Diego County - \$14.81
Job Number 2: Orange County - \$12.81; San Diego County – \$12.34

Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: Yes No

\$2.73 per hour may be used to meet the Post-Retention Wage.

| Wage Range by Occupation | |
|------------------------------|------------|
| Occupation Title | Wage Range |
| Administrative Support Staff | |
| Production Staff | |
| Operations Support Staff | |
| Maintenance Staff | |
| Engineering Staff | |
| Supervisor | |
| Manager | |

INTRODUCTION

In this proposal, Car Sound Exhaust System, Inc. (Car Sound) seeks funding for retraining as outlined below:

Founded in 1979, Car Sound designs, develops and manufactures aftermarket catalytic converters and performance exhaust systems for automobiles. The company's products include: universal-fit catalytic converters, direct-fit cat-back exhaust systems, stainless steel tips and XL line of turbo mufflers. Car Sound serves professional exhaust installers through its

dealers worldwide and also sells its products to large distributors and retail operations. Company representatives claim that Car Sound has produced catalytic converters for virtually every vehicle make and model manufactured or imported into the United States since 1975, when catalytic converters were first introduced.

The company's headquarters is in Rancho Santa Margarita and its manufacturing and distribution center is located in Oceanside. This project targets training for both sites, with 252 incumbent workers (Job Number 1) and 20 Job Creation newly-hired workers (Job Number 2).

Car Sound meets the Panel out-of-state competition requirements as an industrially-classified manufacturer. This company also qualifies as a priority industry. (Title 22, California Code of Regulations (CCR), Section 4416(i)(1).)

PROJECT DETAILS

All Car Sound components are CAD (Computer-Aided Design) engineered to exact specifications and the company's catalytic converters are designed to meet strict emission control standards. Car Sound maintains a large inventory of completed units and has a correspondingly large work-in-process and raw inventories. The company intends to reduce its inventories, reduce product costs, increase quality and production efficiencies, and reduce product cycle times.

To accomplish these goals, the company will need to retrain its production and materials personnel to better manage its inventories and to implement Lean/6Sigma methods of continuous process improvement. Another focus of the training will be the modernization of business systems and procedures by providing training in the company's Supply Chain Management system.

Business Skills will be provided to Administrative Support Staff, some Production Staff and Supervisors, who will learn Communication Skills and Client Servicing Skills, and Advanced Customer Relationship Skills in order for them to effectively work with the company's customer base. Some Supervisors, Managers, and other potential leaders at the company will receive Project Management and Business Operations and Procedures to help them implement the new systems and procedures. Engineering and technical staff continue to develop advanced design products and need additional training in areas such a Project Management Skills

Computer Skills will be provided to Administrative Support Staff and Supervisors who need to improve their computer application skills.

Continuous Improvement will be provided to all occupations in the training plan. Training in Supply Chain Management, Lean Enterprises, Total Productive Maintenance, Team building skills, Problem Analysis, Process Improvement, Leadership skills for frontline workers, and Statistical Process Control will ensure that Car Sound continues to provide the level of service, product quality and delivery that clients expect. Frontline leadership skills training and Change Management will be provided to those individuals who are identified as potential leaders in the organization.

Literacy Skills will be provided to a limited number of Production Staff. In order to be able to participate in the company's improvement teams, certain employees will need training in English writing and verbal skills. These employees will also be trained in Manufacturing Skills and in Continuous Improvement, and will need these literacy skills to be successfully involved.

Manufacturing Skills will be provided primarily to Production Staff, Operations Support Staff, Maintenance Staff and Supervisors. Production Staff need a variety of skills to increase quality and production efficiencies. As Lean Enterprises becomes the driving focus of the operations, production employees will take on more responsibility to implement new methods and procedures. Due to the ever increasing complexity of its equipment and operations, Car Sound will also need to further train its Maintenance Staff in how to decrease downtime and increase quality.

Retrainee Job Creation/Production Expansion

Company representatives report that Car Sound must continuously design, develop and produce new systems to maintain its competitive edge. The company is currently expanding its product lines per customer requirements to include new Cat-back and catalytic systems for recent car models. These new systems require changes in jig layout and welding requirements which affects factory manufacturing lines. Therefore, Car Sound has plans to hire at least 20 new employees (Job Number 2) over the next two years as it launches new products. Per the Job Creation Guidelines, a newly-hired trainee must be hired within 3-months of project approval or within the term of the contract. The newly-hired trainees qualify for the New Hire \$20 per hour fixed-fee reimbursement rate and the ETP New-Hire Minimum Wages.

Commitment to Training

Car Sound represents that ETP funds will not displace the existing financial commitment to training. The company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

Car Sound has no formal training budget. In the past, the company has provided the following training: new-hire company orientation, on-the-job administrative and technical training, and specialized training for technical skills and production skills. Car Sound represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Car Sound retained Kirkpatrick Enterprises International (KEI) in Valencia to assist with development of this proposal at no charge.

ADMINISTRATIVE SERVICES

KEI will also perform administrative services in connection with this proposal for an amount not to exceed 10% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum**Class/Lab Hours**

24 – 200

*Trainees may receive any of the following:***BUSINESS SKILLS**

- Project Management Skills
- Business Operations and Procedures
- Communication Skills and Client Servicing Skills
- Advanced Customer Relationship Skills

COMPUTER SKILLS

- Intermediate and Advanced Microsoft Office
- Network Control

CONTINUOUS IMPROVEMENT

- Supply Chain Management Skills
- Material Planning & Inventory Control Skills
- Lean Manufacturing/6 Sigma
- Total Productive Maintenance with 5S
- Statistical Process Control
- Leadership Skills for Frontline Workers
- Change Management
- Team Building & Goal Setting

MANUFACTURING SKILLS

- Production Equipment Usage
- Maintenance Skills
- Welding and Related skills

LITERACY SKILLS (Vocational English as a Second Language)*VESL cannot exceed 45% of total training hours*

- Verbal Skills - Workplace Terminology
- Writing Skills - Data Collection and Reporting

| |
|---|
| Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. |
|---|